



Nepal Rastra Bank

Base Rate & Spread Rate

Details	2074 Ashadh	2075 Ashadh	2075 Chaitra
Base Rate (%)	9.85	10.47	9.64
Spread Rate (%)	3.89	4.51	4.43



Nepal Rastra Bank

Employee grievances

- Office Timings
- Unnecessary service contract/Bond
- Promotion/transfer





Weak Risk management function

- Weak Risk management practice
(Independency, evaluation, reporting)
- Liquidity mismatched
(deposit collection and Credit expansion)
- Increasing overall credit risk



Corporate governance Issues

- Influences on day to day operation by Board/Promotor
- Director loan
- Related party transaction
- Lack of self regulation
- Weak effort to AML/CFT
- Unhealthy practice (deposit and credit)



Need for Financial Consolidation

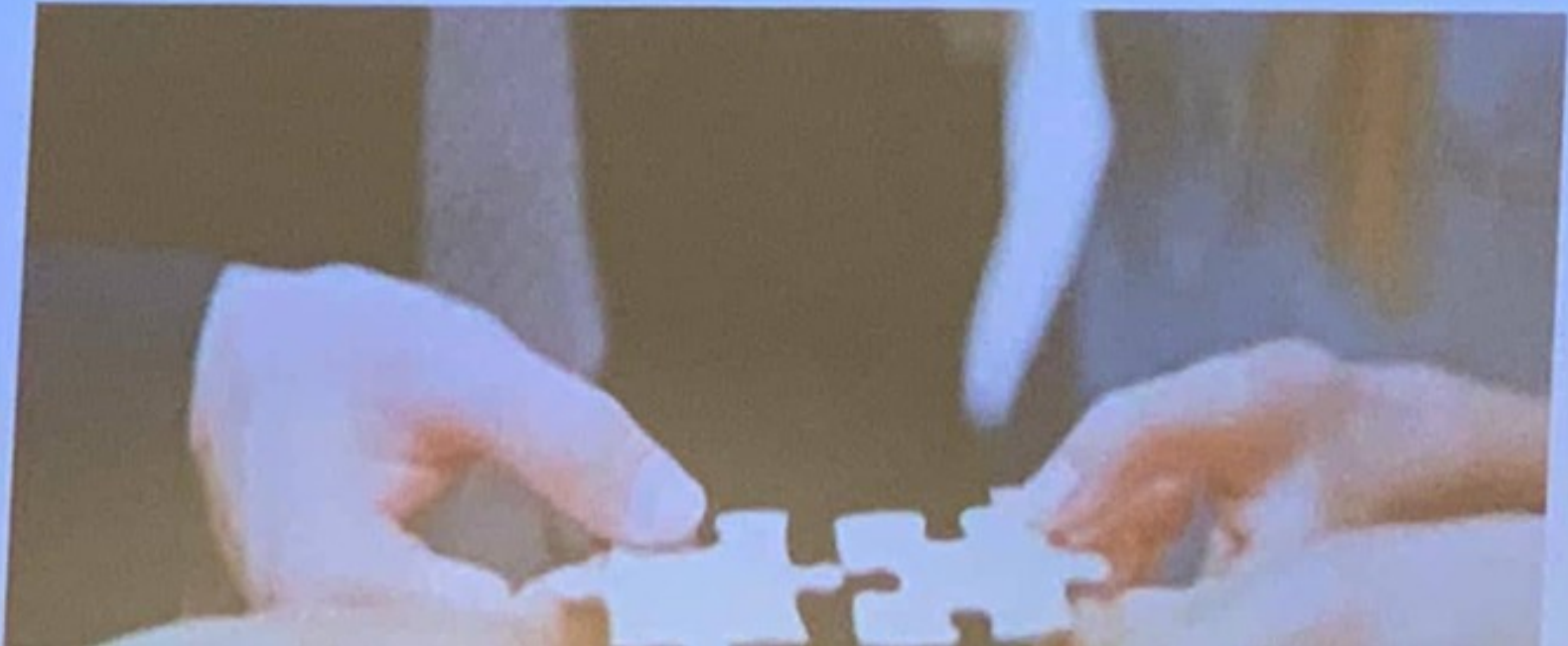
Budget 2019/20

237. Access to finance will be enhanced while ensuring good governance and stability in the financial sector. Financial resources will be made productive. The policy to merge banks and financial institutions will be continued while large banks and financial institutions will also be encouraged to merge. This arrangement will be applied to insurance companies.



Nepal Rastra Bank

Need for Financial Consolidation





Nepal Rastra Bank

Need for Financial Consolidation

- To reduce existing unhealthy competition
- To implement sound risk management
- To detect AML/CFT country issues
- To ensure sound corporate governance
- To reduce unnecessary operational cost
- To protect the customer and employee right
- To foster sustainable economic growth



Nepal Rastra Bank

Supervisory Expectation

- Prospective merger of A Class Commercial Banks
- Information to the supervisor about the prospective merger by 2076.03.19



Ever greening

- Credit expansion
- Over valuation of project and collateral
- Balance sheet mismatched
- Excess drawing – Hypothecation type
- Multiple Personal loan disbursed(same family)
- Increasing black listed clients
- Loan swap (Enhanced the credit level)
- Frequently Loan extended



Increasing non compliances: supervisory action

- CCD
- Interest spread gap
- Priority sector lending
- Deprived sector lending
- CRR
- Dual Financial statement



Nepal Rastra Bank

Non-Performing Loan

Details	2074 Ashadh	2075 Ashadh	2075 Chaitra
NPL (%)	1.53	1.33	1.67



Nepal Rastra Bank

Base Rate & Spread Rate

Details	2074 Ashadh	2075 Ashadh	2075 Chaitra
Base Rate (%)	9.85	10.47	9.64
Spread Rate (%)	3.89	4.51	4.43